



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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CAROLE MIGDEN
First District, San Francisco
Chairwoman

CLAUDE PARRISH
Third District, Long Beach
Vice Chairman

BILL LEONARD
Second District, Ontario

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

TIMOTHY W. BOYER
Interim Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
May 28-29, 2003
NOTICE AND AGENDA**

WEDNESDAY, MAY 28, 2003

BOARD COMMITTEE MEETINGS* (convenes at 9:30 a.m.)

❖ **BUSINESS TAXES COMMITTEE**

Mr. John Chiang, Chairman

Mr. Ramon Hirsig, Staff (916) 445-1441

- Proposed revisions to Audit Manual Chapter 4, General Audit Procedures, regarding property held for resale, when the property is transferred from an inventory account to a capital asset account and depreciated.

❖ **PROPERTY TAX COMMITTEE**

Mr. Claude Parrish, Chairman

Mr. David Gau, Staff (916) 445-1516

- Revision of Assessment Appeals Manual

BOARD MEETING (convenes upon adjournment of the Property Tax Committee)**

❖ **CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

- ☐ Shirley and Ronnie Mayberry, 181462
- ☐ Atlantic Richfield Company, 134085
- ☐ Oryx Energy Co. & Sun Company, Inc., (R&M), 59288
- ☐ Robert and Carol Lienau, 156798
- Vaughn and Cherye Dickson, 156808
- Anthony and Jacqueline Lienau, 156810
- Paul and Christine Finie, 156814
- ☐ The McGraw-Hill Companies, Inc., 162177
- ☐ Mercury General Corporation, 145450

❖ **PROPERTY TAX HEARING – APPLICATION FOR REVIEW, EQUALIZATION AND ADJUSTMENT OF ASSESSMENT**

- ☐ East Bay Municipal Utility District acting by and through the Garamendi Family Trust and the Raymond V. Garamendi Exemption Trust, 194594 - "CF"

❖ SALES AND USE TAX APPEALS HEARINGS

- ☐ RKM Micro Systems, Inc., 48081
- ☐ Mervyn's, 135351
- ☐ Conner Family Trust (DTD 2-23-91), 107037
- ☐ Rajesh Prakash Sharma, et al., 130651
- ☐ Metro Border, LLC, 132974
- ☐ Pacific Bagel Partners, LP, 130640
- ☐ Paul E. Blaubach, 146064
- ☐ Corporate Express Office Products Inc., 89000875620, 89000875630
- ☐ William T. Rowlands, et al., 114639

❖ PUBLIC HEARING

➤ **Proposed Amendments to Property Tax Rule 462.180, Change in Ownership – Legal Entities**

Proposed amendments to Property Tax Rule 462.180, Change in Ownership – Legal Entities are clarifying the treatment of limited liability company membership interests and legal entity ownership interests held by spouses as community property.

❖ BOARD PHOTOGRAPH

❖ SPECIAL PRESENTATIONS

➤ Superior Accomplishment Award Program

- | | | |
|-------------------|-------------------|-------------------|
| • M. Kelly Reilly | • Deona Vastine | • Joyce Yamada |
| • Sandra Axley | • Mark Walker | • Bob O'Neill |
| • Michael Barcena | • Catherine Wurst | • Mark Gabriele |
| • Howard Eastin | • Barbara Beck | • Hal Lovell |
| • Rhonda Krause | • Laura SooHoo | • Julie Faber |
| • Gary Lambert | • Alice Correa | • Nicole Gugger |
| • Gloria McCormac | • Linda Ramsey | • Richard Reger |
| • Diane Olson | • Jo Diaz | • Michael Szabo |
| • Dean Seavers | • Frank Buckley | • Sherilyn Larsen |
| • Aimee Simons | • Cindy Eaton | |
| • Ken Topper | • Dan Gostage | |

❖ PROPERTY TAX MATTER

- Board Sets Unitary Values of State-Assessed Properties
Annually, on or before May 31, the Board is required to value and assess all of the taxable property within the state that is to be assessed by it pursuant to section 19 of Article XIII of the Constitution and any legislative authorization thereunder.

❖ TAX PROGRAM NONAPPEARANCE MATTERS - ADJUDICATORY

A. Legal Appeals Matters

- Petition for Rehearing
 1. L. A. Mattress, Inc., 129840
- Hearing Notice Sent—No Response
 2. J K S Industries, Inc., 156586
- Hearing Request Withdrawn
 3. Melissa J. Stripling, 162545

- Cases Heard But Not Decided
 4. Amador Stage Lines, Inc., 93966, 102005
 5. Gary Fisher and Terry Edwards, 89002181700

B. Franchise and Income Tax Matters

- Opinions
 1. Stephen D. Bragg, 110567, 119357
 2. James N. Harger, 171249
- Decisions
 3. American General Realty Investment Corporation Inc., 156726
 4. Baxter Healthcare Corporation, 140712
 5. Richard Gallovich, 174619
 6. David and Cindy Galvez, 171221
 7. The Landover Company, 172440
 8. Christopher and Lupe McDonald, 183393
 9. Dale McRaven, 166385
 10. Jesus Parrilla, 181466
 11. Polaroid Corporation, 62415

C. Special Taxes Matters

- Redeterminations
 1. ~~Fireman's Fund Insurance Company, 167605~~ "CF"

❖ TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

D. Legal Appeals Matters

- Petitions for Rehearing
 1. I.B.I. Leasing and Renting, Inc., 115213
Fadi Elias Chaghouri, 134589
Gaby Charles Chaghouri, 134590
Hayat Car Rental Systems, Inc., 134591
Elias Gebran Chaghouri, 134592
Hayat Elias Chaghouri, 134593
 2. Integrated Packaging Assembly Corporation, 80546
- Hearing Notice Sent—No Response
 3. BAT PC Technology, Inc., 150666
 4. C & D Industrial Supply, Inc., 134879
- Hearing Notice Sent—Appearance Waived
 5. Transamerican Plastics Corporation, 89000204920
- Hearing Request Withdrawn
 6. Midwest Shoes, Inc., 63294, 103434
 7. Puente Hills Hop Corporation, 119356
 8. Richard Klein Design, Inc., 89000664700
 9. Ragold Corporation, 152307
 10. Micro Age Computer Centers, 91439
 11. Bernard O. Tirta, 158228
 12. Optical Disc Mastering Equipment, Inc., 165698
 13. Paramount Pictures Corporation, 89000019140
 14. Tonia Allen Gould, 131814
 15. Laserscope, 144840, 182318
- Petitions for Release of Seized Property
 16. Parmodh Chander, 214696
 17. Parmodh Chander, 215463

E. Franchise and Income Tax Matters

- Decisions
 1. Castle Securities Corporation, 182971
 2. Donald G. Ebbert, 183564
 3. Myrna Green, 169974
 4. Kennebeck Editions, LLC, 172823
 5. Joseph N. Leonardo, 192149
 6. Candice Salas, 174078
 7. Huy Tran, 185508
- Opinion on Petition for Rehearing
 8. California Steel Industries, Inc., 160703
- Petitions for Rehearing
 9. Joseph Leonard Neufeld, 169531
 10. OTN, Inc. and Affiliates, 162176
 11. Don Roland Taylor II, 162741
 12. David R. and Patricia Ann Walsh, 162751

F. Homeowner and Renter Property Tax Assistance Matters

- Decisions
 1. Fred Earl, 195791
 2. Jose Hernandez, 194187
 3. Chong Ye Hu, 194572
 4. Diane Johnson, 193536
 5. Felix Kho, 187800
 6. Eleonora Kiselev, 191356
 7. Yunsoon Lee, 196713
 8. Maxine McIntosh, 194147
 9. Burton B. McLain, 198885
 10. F. Vila Medina, 194182
 11. Dolores Rivera, 195633
 12. Isaac Williams, 193452

G. Sales and Use Taxes Matters

- Redeterminations
 1. D/T Carson Enterprises, Inc., 190535
 2. Sort Well, Inc., 175464
 3. E3 Associates Ltd., 182960
 4. Catherines of California, 193243
- Relief of Penalty
 5. Frank Hurling Chevrolet, Inc., 214943
 6. Mobile Telesys, Inc., 214995
 7. SBC Datacomm, Inc., 216058
 8. Duke Energy Moss Landing, LLC, 214865
 9. TV Product Fulfillment, Inc., 216142
 10. Micromass, Inc., 216089
- Denials of Claims for Refund
 11. Kraft General Foods, 213518
 12. Phase Metrics, Inc., 152650

H. Sales and Use Taxes Matters – Credits, Cancellations and Refunds

- Credits and Cancellations
 1. Hayes Lemmerz International California, Inc., 215295
 2. Rat Oil, Inc., 215835

➤ Refunds

3. Hospital of the Good Samaritan, 185678
4. Midway Hospital Medical Center, 196912
5. All Post, Inc., 104739
6. California Institute of Technology, 134980
7. Custom Industrial Rack, Inc., 215540
8. Regents of the University of California, 63074
9. Enterprise IG Corporation, 215538
10. Genesys Telecommunications Labs, 213715
11. Gloucester Engineering Company, Inc., 181658
12. ISR Solutions (Northern California), Inc., 215307
13. IKOS Systems, Inc., 141775
14. Daimlerchrysler Corporation, 60419
15. Fort James Operating Company, 214854
16. Brown Group Retail, Inc., 89000872420
17. Fremont Compensation Insurance Company, 143209
18. Norcal Mutual Insurance Company, 186740
19. Proquire, LLC, 201884
20. Entrust Technologies, Inc., 182275
21. Carl Zeiss, Inc., 213742
22. Lithotechs, LLC, 141361
23. Micron PC, Inc., 138237
24. Fresenius USA Marketing, Inc., 129074
25. Netgear, Inc., 190987
26. International Business Mach. Corporation, 210095
27. Kraft General Foods, 213519
28. American Honda Motor Company, Inc., 214980
29. Qualcomm Investment Company, Inc., 214521

I. Special Taxes Matters

- Denial of Claim for Refund
1. Union Pacific Railroad Company, 113474

J. Special Taxes Matters

- Refunds
1. BP West Coast Products, LLC, 192502
 2. American Procurement & Logistics Company, 215717
 3. Ralphs Grocery Company, 216036
 4. American Procurement & Logistics Company, 216038
 5. Penske Truck Leasing Corporation, 208901
 6. Commerce & Industry Insurance Company, 209984 – “CF”
 7. Aetna Life Insurance Company, 205359 – “CF”
 8. Guinness Bass Import Company, 216479 – “CF”

❖ TAX PROGRAM NONAPPEARANCE MATTERS — NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

K. Property Tax Matters

- Audits
1. Citizens Telecommunications Company (7512) – “CF”
 2. RCN Telecom Services of California, Inc. (7775) – “CF”

- Unitary and Nonunitary Escaped Assessments
 3. SBC (formerly Pacific Bell) (279) – “CF”
 - Bay Area Cellular Telephone Company, dba AT&T Wireless Services (2502) – “CF”
 - Sacramento Valley Limited Partnership, dba Verizon Wireless (2513) – “CF”
 - AB Cellular Holding, LLC, dba AT&T Wireless Services (2547) – “CF”
 - GTE Mobilnet of California, Limited Partnership, dba Verizon Wireless (2559) – “CF”
 - AT&T Wireless Services of California, Inc., (2606) – “CF”
 - SLO Cellular, Inc., dba CellularOne of San Luis Obispo (2687) – “CF”
 - Nextel of California, Inc. (2737) – “CF”
 - Pacific Bell Wireless, LLC, dba Cingular Wireless (2748) – “CF”
 - AT&T Wireless PCS, LLC (2749) – “CF”
- Board Roll Changes
 4. 2000, 2001 and 2002 State-Assessed Property Rolls – “CF”

L. Local Tax Reallocation Matter

- Cases Heard But Not Decided
 - ~~1. City of Laguna Hills, 203006~~

❖ CLOSED SESSION

- Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 6901, 7093.5, 30459.1 and 50156.11)
- Discussion and action on Personnel Matters (Govt. Code § 11126(a))

❖ CHIEF COUNSEL MATTERS – NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

M. Property Tax Matters

- Consideration of Notices of Decision
 1. City of Long Beach, 183272
 2. City of Los Angeles, 183273

❖ CHIEF COUNSEL MATTERS

N. Sales and Use Tax/Property and Special Taxes Matter

- **Delegation of Authority for Cancellation of Determinations**
 1. Cancellation of determinations above \$50,000

Property Tax Matters

- **Welfare Exemption Streamlining Project Legislative Option Package**
 2. Purpose: to achieve state and local cost savings.
Possible legislative options available: (1) streamline the claim filing process; (2) simplify governing documents approval; (3) reorganize the administrative appeal process for denied claims, and (4) compliance audits.

Rulemaking

- **Petition for New Property Tax Rule**
 3. Property Tax Rule 136, Qualifying Organizations, to clarify that “the reference in Revenue and Taxation Code section 214(a) to property owned and operated by community chests, funds, foundations, or corporations includes property owned and operated by limited liability companies or any other form of entity provided that they are not organized or operated for profit and other requirements are met.”

❖ ADMINISTRATIVE SESSION

- **Resolution Conferring Powers on the Interim Executive Director**
 - ☐ The retirement of James E. Speed as Executive Director necessitates the adoption of a new resolution conferring on Timothy W. Boyer the authority to act for and on behalf of the Board in the capacity of Interim Executive Director.

➤ **CONSENT AGENDA**

- ☐ **Approval of Board Employee Retirement Resolutions**
 - James E. Speed
 - Stephanie L. Kimball
 - Diamantina "Monti" Salazar
 - Carole Heale
- ☐ **Approval of Board Meeting Minutes**
 - March 26, 2003
 - April 23, 2003
- ☐ **Adoption of Corrected Board Meeting Minutes**
 - September 12, 2002
 - February 5, 2003
- ☐ **4-R Act Equalization Ratio for 2003-04**
- ☐ **2003-04 Tobacco Products Tax Rate**
- ☐ **Proposed Special Topic Survey**
- ☐ **Approval of extensions of time to complete and submit 2003-04 Local Assessment Rolls pursuant to Revenue and Taxation Code Section 155 granted to Mariposa, Orange, Tehama and Trinity Counties**

❖ **ADMINISTRATIVE MATTER**

➤ **Board Committee Reports**

- ☐ **Approval of the May 28, 2003 Board Committee Minutes**
 - Business Taxes Committee
 - Property Tax Committee

THURSDAY, MAY 29, 2003

BOARD MEETING (convenes at 9:30 a.m.)**

- ❖ Reserved for Completion of any unfinished Board business from the May 28, 2003 Board Meeting

If you would like specific information regarding items on this Board Meeting Agenda Notice please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Deborah Pellegrini, Chief
Board Proceedings Division

* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.

** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.

"CF" Constitutional Function - The Deputy State Controller may not participate in this matter under Government Code section 7.9.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be re-published for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons who commented orally or in writing or who asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of items as they appear on the agenda. Any committee agenda item may be brought to the Board at its next meeting. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at (916) 445-4394, or e-mail Gary.Evans@boe.ca.gov, to make special arrangements.